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Summary

About this Release

The study uses data from the ABS Business Longitudinal Database (BLD) to examine the association between the intensity of use of information and communications technology (ICT) by businesses, and innovation. Firm level data for 6,442 businesses from the 2005–06 and 2006–07 waves of the BLD are used. An 'ICT intensity index' is constructed to represent the levels of sophistication in the business' ICT usage. The association of this indicator with different types of innovation is modelled using multivariate regression. The types of innovation considered include product, process, organisational and marketing innovations.

The analysis finds a strong relationship between ICT intensity and innovative activity at the firm level. Businesses which use sophisticated types of ICT are significantly more likely to undertake innovation of any type. The more intense ICT users are likely to undertake more types of innovation, more novel innovations and are more likely to develop the innovations internally. The relationship between ICT and innovative activity holds when controlling for a range of other business characteristics, such as employment size and industry division.

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